

## LOU DOBBS TONIGHT; CNN

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English

DOBBS: A movement is under way on Capitol Hill to make private foundations give more of their money to **charity**. In a moment, I`ll be talking with Congressman **Harold Ford**. He is among those leading this effort.

But first, that proposal could pop billions of dollars into charities right away, at a time of great need. Peter Viles has the report.

(BEGIN VIDEOTAPE)

PETER VILES, CNNfn CORRESPONDENT (voice-over): Between a soft economy and corporate belt-tightening, America`s charities are being squeezed. And now Congress is debating a surprisingly simple solution. Why not use the tax code to shake more money out of big foundations? Current IRS rules require non-profit, non-operating foundations to spend 5 percent of their assets every year. But not all of it has to go to charities. They can count their own overhead, including salaries, toward the 5 percent.

Enter, Congressman **Harold Ford** of Tennessee and Roy Blunt of Missouri. Their proposal would require that all 5 percent go to **charity**. The estimated impact, at least \$3 billion a year in new giving to charities.

SLOAN WIESEN, NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY: It would provide billions of dollars in new grant money annually to charities that are in need. At the same time, it would allow foundations to sustain themselves for the long haul, and it would encourage greater foundation efficiency. So on the whole, we believe that it`s a very sensible proposal.

VILES: A common sense idea which in Washington means that there is strong opposition to it.

DOT RIDINGS, COUNCIL ON FOUNDATIONS: That assumes that the only thing that foundations do is give away money. And indeed, a lot of things are not only equivalent to money but much more highly prized by a lot of charities, such as bringing them together to talk about best practices, any communication that a foundation does with the public, the oversight, the evaluation, bringing grantees together to talk about their best practices and learn from each other. All those things are administrative expenses.

(END VIDEOTAPE)

VILES: No one is telling the foundations that they have to lower the salaries or fees they pay to their directors and trustees. Just that those expenses shouldn`t count toward meeting their minimum charitable activities -- **Lou**.

**DOBBS:** And the largest charities, the largest foundations in this country are the greatest offenders.

**VILES:** Sure.

**DOBBS:** On combining overhead and grant dollars.

**VILES:** Sure. The Ford Foundation, a \$9 billion foundation, the government says you need to give away roughly half a billion every year. Almost \$100 million of that, almost \$100 million of that is overhead.

**DOBBS:** It's really every institution, the first cause becomes perpetuating itself, I guess. Peter Viles, thank you very much.

Well, joining me now is one of the two men in Congress who are leading the fight to help a few people out and to straighten out the reasoning amongst some foundations. We're joined now by Congressman **Harold Ford** of Tennessee, joins us from New Orleans tonight.

**REP. HAROLD FORD (D), TENNESSEE:** Thanks for having me on, Mr. Dobbs.

**DOBBS:** This is a remarkable proposal, as Peter Viles reported, first because it looks like it would work, it has some considerable support, and because it is so reasonable and needed at this particular point. You're getting a lot of flak from the foundations themselves. How are you going to resolve it?

**FORD:** You know, it has a very simple intent. I think your story explained it. It's all an effort to try to get charities to give more to charitable causes. The 5 percent payout is probably a reasonable number, in the suggested charities across the country, particularly when we know that over the last 20 years, charities have earned -- I should say foundations have earned some 7.5 if not a little higher yield on their investments. To ask that 5 percent of those payments go to charities and charitable causes at a time in which Americans' willingness to give is high but their ability to give has been impacted by a slowed economy. I think it's a smart proposal and one that I hope we can, once we explain it fully, will enjoy broad support in the Congress.

**DOBBS:** Give us your sense of that support within Congress itself right now, Congressman.

**FORD:** I think many of my colleagues are undergoing a -- I should say, receiving a turn (ph) of criticism from good foundations and good people across the nation, particularly those who run these foundations. But upon second look, I think all of them come to realize that this is really a reasonable and sensible proposal that won't put anyone out of business that's operating efficiently at this point.

There is no doubt there is components of this bill that will improve efficiency and accountability, and demand it in a lot ways from foundations. It's important to note that the vast majority of foundations are not opposing this. The vast majority support it, because there are three or four other components to this bill that actually would increase giving from those who are able to give \$250 or as an individual, you

get an above the line deduction, and those \$500, couples will get the same kind of deduction.

So you`ll see an increase in giving and you`ll see an increase on the part of seeing improved capacity on the part of foundations to make a difference in homes and neighborhoods and communities all across this nation.

DOBBS: Congressman, how do you respond to the Council of Foundations speaking for many foundations who do oppose your legislation, saying that they give expertise, that it`s very important for their institutions, their foundations to be around, because they`re showering benevolence and best practices upon the world?

FORD: In a lot of ways, they`re doing -- accomplishing a lot of those things. But nothing in this bill would stop it. Every study we`ve seen from the Council on Foundations, from the National Committee for Responsive Philanthropy, have all shown that over the last 25 years many of these foundations have earned an addition of 7.5 percent return on their investments. This is just a 5 percent guarantee that your payout will go to charitable -- or I should say charitable causes, and we`ve learned that on average, foundations spend less than .5 percent on overhead. So 5 percent plus .5 percent -- we in Congress aren`t great at math, but I know that`s less than the 7.5 percent return they`re getting on their investment.

I think this is easily achievable by many of our foundations, and I might add, there is a real willingness on our part, and I think I speak safely for my good friend Roy Blunt who is at home recovering, God bless you, and I hope you recover soon, my friend, to work with all of our friends in the philanthropy community, to try to make this thing work, and more importantly, to try to help the kids and the seniors and those who are suffering from illnesses receive the great vital services that many foundations across this country are providing.

DOBBS: We extend our best wishes along with yours to Congressman Blunt, the majority whip in the House, who is the co-sponsor of this legislation with you. And Congressman, I want to just say, we appreciate you taking the time and creating a little provocative thought for those foundations to chew over.

FORD: You said \$3 billion. It`s really \$4.3 billion, our estimates show, that this will free up right away for charitable causes all across the country.

DOBBS: We took the lower of the estimates that we had from a number of sources, Congressman. We`re perfectly willing to...

FORD: I`m a Democrat. We take the highest number oftentimes.

DOBBS: Congressman, we thank you very much.

FORD: Thank you.

DOBBS: Congressman **Harold Ford**.

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